

February 13, 2001

Honorable Norman K. Ferguson, Senate Chair  
Honorable William R. Savage, House Chair  
Joint Standing Committee on Utilities & Energy  
115 State House Station  
Augusta, ME 04333

Re: LD 316, An Act to Authorize Representation by the OPA of  
Consumer Interests on Regional Decision-making Bodies

Dear Senator Ferguson and Representative Savage:

For reasons discussed below, the Commission will testify in support of LD 316, An Act to Authorize Representation by the OPA of Consumer Interests on Regional Decision-making Bodies. The Commission will be present at the work session and will be pleased to work with the Committee as it considers this bill.

LD 316 would allow the Office of the Public Advocate (OPA) to be a voting member of a regional organization when that organization's decisions affect Maine's utility prices or quality. Current law does not explicitly authorize the OPA to perform that function.

The restructuring of the electric power industry has transferred decisions regarding price-setting procedures, generation dispatch, transmission access, and countless other issues from the State to New England or federal regional organizations. Although restructuring will allow market forces to determine many actions that were currently regulated, many decisions continue to be made by these rule-making organizations to ensure electric grid reliability and to facilitate rational market operation. These regional decisions can and do create impacts worth millions of dollars on Maine's electric rates. The recent widely-publicized decision by the Federal Energy Regulatory Commission (FERC) to set the ICAP deficiency rate at \$8.75 instead of the \$0.17 recommended by many stakeholders, potentially costing Maine's consumers over \$100M annually, is but one example.

The Commission has supported efforts to represent Maine's consumers in these decision-making procedures in every way open to us. For example, because we were concerned that small consumers had minimal representation on the critically-important NEPOOL governing committee, we supported the State

Planning Office's effort to obtain a voting seat on that committee. The OPA would be another effective voice for Maine's consumers, particularly those small consumers who lack ample funds to participate regionally. Indeed, the law explicitly requires the OPA to represent Maine's smaller consumers who would otherwise be inadequately represented. Allowing that function to be carried out beyond Maine's borders is a necessity if the mission is to be accomplished successfully in the emerging regional market in which we find ourselves.

In summary, we support LD 316 because it will improve consumer representation in decision-making forums that can have multi-million dollar impacts on Maine's consumers. If you have any questions regarding this matter, please contact me.

Sincerely,

Marjorie R. McLaughlin  
Legislative Liaison